



07 - 0439

Date: May 15, 2007

To: Senator Richard J. Cohen
Chair, Senate Finance
Room 121 State Capitol

Senator David J. Tomassoni
Chair, Economic Development Budget Division
Room 317 State Capitol

Representative Lyndon Carlson
Chair, House Finance
479 State Office Building

Representative Tom Rukavina
Chair, Higher Education and Work Force
Development Policy and Finance Division
477 State Office Building

Subject: 2007 Fee Report of the Minnesota Public Facilities Authority

The attached report is being submitted to comply with Minnesota Statutes Section 446A.04, Subdivision 5 (b), which requires the Authority to submit an "annual report to the Chairs of the finance and appropriations committees of the Legislature on: (1) the amount of fees collected under this subdivision for cost incurred by the authority; (2) the purposes for which the fee proceeds have been spent; and (3) the amount of any remaining balance of fee proceeds." The Authority is authorized to collect up to 2% of each loan repayment for servicing fees. This excludes deducting any principal, which is not allowed by the federal government.

Loan repayments are made to the Public Facilities Authority by municipalities every August and February. The Public Facilities Authority pays interest on its bonds on September 1st and principal and interest on March 1st of every year.

February is the last fee collection period in the fiscal year for the three revolving funds managed by the Authority and the enclosed Fee Report spreadsheet reflects collections and expenditures for the annual periods from March 2, 2003 through March 1, 2007.

Minnesota Public Facilities Authority

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The Public Facilities Authority's legal authority and financial capacity, provided by fees, to contract for services necessary to fulfill its obligations is critical in maintaining its AAA bond ratings. The expenditure of fee revenues is governed by federal regulations and state law. Both prohibit using fees generated for one purpose (e.g., wastewater) to be used for another purpose (e.g., transportation), providing another layer of protection the rating agencies consider in evaluating long term management capacity and the political stability of the Public Facilities Authority.

If you have any questions or would like to discuss the contents of the report please call me at 651/296-4704.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Kuhlman". The signature is fluid and cursive, with the first name "Terry" being more prominent than the last name "Kuhlman".

Terry Kuhlman, Director
Minnesota Public Facilities Authority

A thick, solid black horizontal bar used to redact information, likely a phone number or email address.

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Minnesota Public Facilities Authority
Annual Fee Report
For the Bond Years ending March 1, 2007, 2006, 2005, and 2004

Description	2007	2006	2005	2004
Beginning cash balance	\$ 2,351,246	\$ 2,572,845	\$ 3,213,294	\$ 2,919,411
Fees collected during the year	1,940,234	1,793,067	1,587,331	2,272,029
Expenditures during the year:				
Authority Expenses:				
Arbitrage rebate calculation	26,000	23,000	18,500	28,900
Annual audit	42,900	50,201	67,715	26,500
St. Board of Investment charges				
Bond related	56,076	126,120	407,113	40,737
DEED administrative expenditures	666,820	724,878	635,806	688,547
MPCA administrative expenditures	1,102,518	1,088,613	1,096,936	1,192,930
County Credit Enhancement	1,786	1,854	1,711	532
Total Expenditures	1,896,101	2,014,666	2,227,781	1,978,145
Ending Cash balance *	<u>\$ 2,395,379</u>	<u>\$ 2,351,246</u>	<u>\$ 2,572,845</u>	<u>\$ 3,213,294</u>
* Cash balance by program:				
Clean Water	\$ 1,294,582	\$ 1,390,539	\$ 1,713,220	\$ 2,498,283
Drinking Water	988,477	836,446	730,145	581,058
Transportation	104,712	117,367	123,731	131,245
County Credit Enhancement	7,608	6,894	5,748	2,709
	<u>\$ 2,395,379</u>	<u>\$ 2,351,246</u>	<u>\$ 2,572,845</u>	<u>\$ 3,213,294</u>

Notes: The Authority bond year ends on March 1.

Admin expenditures paid from other sources: Some PCA, Most TRLF, and all Dept of Health expenses to date, were paid from federal, match or Operating Reserve balances and therefore are not reflected above.